



COMMITTEE ON THE BUDGET
MAJORITY CAUCUS
U.S. House of Representatives
107th Congress — Washington, DC



**THE SOCIAL SECURITY AND MEDICARE
LOCK-BOX ACT OF 2001**
SUMMARY AND BRIEFING POINTS

February 2001

SUMMARY

This legislation creates a point of order, under the Congressional Budget and Impoundment Control Act of 1974, against any budget resolution, spending bill, or tax bill that would reduce the total unified surplus below the combined total of the Social Security Trust Fund surplus and the Medicare Hospital Insurance [HI] Trust Fund surplus. The point of order would not apply to legislation reforming Social Security or Medicare, and would terminate upon enactment of such legislation.

In this way, the measure creates a procedural “lock-box” protecting the Social Security and Medicare surpluses from being used for any purpose other than debt reduction until the enactment of Social Security and Medicare reform legislation.

The legislation also requires that if the President’s budget submission proposes an “on-budget” surplus (excluding Social Security) that is less than the total of the Medicare HI surplus, that budget submission must also include a “detailed proposal” for Social Security or Medicare reform.

BRIEFING POINTS

Background

- The Social Security and Medicare Lock-Box Act protects the Social Security and Medicare Hospital Insurance [HI] surpluses from being used for any purpose other than debt reduction or Social Security and Medicare reform legislation.
- It prevents the kind of raids on the Social Security trust fund that occurred for decades, starting in 1969, when the Government ran chronic deficits, forcing the use of Social Security funds to make up part of the shortfall. Those raids ended in 1999, 2 years after the Republican-led Congress passed the Balanced Budget Act.
- The measure also extends this protection to the Medicare HI Trust Fund. In this way, it goes beyond the protection of Social Security lock-box measures in the past two Congresses.
- Under the most recent estimates of the Congressional Budget Office [CBO], the Social Security surplus will be \$2.491 trillion over the next 10 years, and the Medicare Hospital Insurance [HI] surplus will total \$392 billion. This legislation will assure that the total of these two surpluses – \$2.883 trillion – can be used only for debt reduction or Social Security and Medicare reform legislation.

Procedure

- The legislation allows any Member of the House or Senate to raise a point of order preventing the consideration of a budget resolution, spending bill, or tax bill that would result in a total budget surplus less than the combined Social Security and Medicare HI surpluses.
 - In the House, this point of order is automatically sustained unless a majority of House Members explicitly vote to overturn it.
 - In the Senate, the point of order is sustained unless 60 or more Senators explicitly vote to overturn it.
- The points of order do not apply to legislation reforming Social Security and/or Medicare. Such legislation must include language saying expressly that it is intended as Social Security or Medicare reform legislation under this section (a new section 316) of the Congressional Budget Act of 1974.